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ABSTRACT

Guidelines, based on the California Education Code and the California Community College Student Attendance Accounting Manual, are presented as an aid to program-level administrators and staff preparing for a state audit of program attendance records. After introductory material examining the role of average daily attendance (ADA) and weekly student contact hours (WSCH) in determining state appropriations to local college districts, the report explains the accounting procedures to be used in computing ADA for regular and summer courses and courses lasting less than four weeks. Admissions, attendance, and financial requirements to be met in computing ADA counts for state apportionments are then enumerated, and the college's responsibility to maintain a complete attendance audit trail is discussed. An outline of situations for which claiming WSCH for apportionment is prohibited is followed by a listing of seven areas currently facing the greatest amount of scrutiny by state auditors: community services courses, in-service courses, courses in which students are not supervised by certified employees, work experience and cooperative courses, auto-tutorial courses, "to-be-announced" courses, and the adequacy of the college's attendance documentation. Finally guidelines are presented for dealing with programs of a categorical or special nature and suggestions are made for staff training and behavior with respect to the audit. (JP)

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PROGRAM ACCOUNTABILITY

"THE STATE AUDIT"

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INTRODUCTION

With the passage of Proposition 13 and the general transfer of responsibility of education from the local to the state level, the importance of state monitoring and auditing has become more critical to California Community Colleges.

The size of the community college educational enterprise clearly demonstrates that education is big business. California's system of ADA (Average Daily Attendance) and state-to-local district apportionment built on weekly student contact hours, is the lifeblood of local institutions.

The importance of the fiscal or program audit should be viewed against a present historical backdrop which includes limited resources, declining enrollment, and the ever widening deficit between local contributions and increased fiscal commitment.

State audit of local financial conditions, as well as program evaluations and program accountability testing, will all increase as dollars for education become more scarce. Such special grant funded areas as VEA, EOPS, and handicapped student services programs at local college levels have all seen an increase in on-site visitations by state finance and chancellor office teams.

The purpose of this paper is to help the program level administrator and staff members prepare for an on-site audit.

STATE ATTENDANCE ACCOUNTING

"If you don't know the rules, you can't win the game"

Two documents are critical for staff in terms of truly understanding attendance accounting and state apportionment.

*California Education Code

*California Community College Student Attendance Accounting Manual

Both documents are expressive of a system that historically has been permissive in code and literal in interpretation. All factors involved in the computation of ADA must be established by the Board of Governors and are subject to review by the Department of Finance. The program manager or responsible staff member needs to be conversant with basic code guidelines and attendance accounting procedures as they will form this context for any state audit.

Higher Education--

Education Code 66010. "Public higher education consists of (a) all public community colleges heretofore and hereafter established pursuant to law, . . ."

Minimum Standards--

Education Code 66700. ". . . The board of governors of the California Community Colleges shall prescribe minimum standards for the formation and operation of public community colleges and exercise general supervision over public community colleges."

Computation of Regular ADA--

Education Code 84520. "The units of average daily attendance for apportionment purposes of regularly enrolled students of a community college district in 13th and 14th grade courses during the academic years, as defined in Section 71027, exclusive of adults as defined in Section 78460, should be computed by multiplying the weekly student contact hours of enrollment as recorded for the census day of the fourth week of 5 or 6 consecutive school days each semester or quarter by statewide factors established by the board of governors, subject to the review of the Department of Finance."

Census Day--

". . . The census day shall be Monday of the fourth week of regularly scheduled classes in the semester or quarter."

Computation of Summer ADA--

"Attendance of such students enrolled in classes conducted in summer sessions, as distinct from summer quarters, of four weeks or more shall be counted in the computation of average daily attendance for apportionment purposes under the provisions of this section using the following formula. Multiply the sum of the weekly student contact hours of enrollment in each class during the census week of each class of the summer session by the number of scheduled weeks for each class; multiply the product so derived by the statewide factor established by the board of governors, subject to review by the Department of Finance, and divide by 525. The census day shall be Monday of the second week."

Less Than 4 Weeks Computation--

"For classes of less than four weeks, the units of average daily attendance shall be computed by dividing the total actual class hours of attendance by 525."

CONDITIONS AFFECTING APPORTIONMENT

General Requirement. Units of average daily attendance may be reported for state apportionment for any course that conforms to all requirements of statute and regulation and is open to all qualified students."

The state attendance accounting manual outlines areas of concern in the apportionment of state dollars to local districts. Some general areas include:

Immediate Supervision. The state mandates that in computing the average daily attendance of a district, there shall be included only the attendance of students enrolled in courses under the district supervision and control of an employee of the district who possesses a valid credential.

Course Approval. Apportionment will not be extended to local programs that lack state approved curriculum.

Open Enrollment. Attendance in courses which are not "open to the public" are not claimable for state apportionment.

Nondiscrimination. Classes maintained by a community college must be open to all qualified persons without regard to sex. "Every community college district shall provide access to its services, courses, and programs without regard to race, religious creed, color, national origin, ancestry, handicap, or sex."

Courses Fully Reimbursed From Other Sources. If a district receives full compensation for direct education costs for courses from any public or private agency, individual or group of individuals, they may not receive apportionment, except for that portion of the course not covered by the fees authorized.

Non-Credit Courses. Attendance in recreational physical education, recreational dancing and/or military subjects if offered only to military personnel and conducted on military establishments are not recoverable under state apportionment.

ATTENDANCE

"General. Only the attendance of persons who have been admitted to a college and are enrolled in a course or courses established by a district and approved by the Chancellor of the California Community Colleges as required, may be counted for apportionment purposes."

Rules

Apportionment will not be allowed for attendance in courses which overlap.

Documentation is required of TBA (to be arranged). This documentation needs to represent accurately the hours students are attending and the immediate supervision available to students during the periods under which apportionment is being claimed.

No apportionment from state funds will be made for establishing or maintaining "community services courses"; courses which are funded wholly or partially by community service funds; or courses which receive full compensation from an outside agency.

AUDIT ACCOUNTABILITY

According to the Education Code Section 84040, "the Department of Finance may make such audits, surveys and reports, and may develop suggested procedures for carrying out the purposes of this section, as in the judgment of the department will serve the best interests of the state."

Both the Chancellor's Office and the Department of Finance are under strict and clear mandates to see that proper use of state funds for community college education is taking place.

In most cases, lack of material pertaining to the audit trail becomes the problem of the institution, not the auditors. The burden of proof exists with the college records to demonstrate total numbers of hours and students claimed; budget expenditures; and ADA generation.

For those who have never experienced an audit, there is a sense of false security that can come from not having had to formally defend the use of monies dispensed from the state or the "in-house" accountability system used by the college.

The building and maintenance of an accurate and responsible audit trail system within complex programs is a difficult and expensive task. Auditors require verifiable proof in the form of records, either manual or computerized, for all aspects of the allocation process. Historical precedent can be cited which demonstrates that all or portions of state allocated funds have been returned by colleges following unsuccessful audits of those institutions.

In some cases, colleges have not paid proper attention to the establishment of a formal process which includes 1) housing and categorizing of data; 2) periodic updating and programming of changes in student status, cancellation of classes, etc., 3) refinement of income or expenditure processes to include or exclude dollars covered under grant funding and; 6) specific responsibility to district or college in-house staff to monitor and review procedures.

THE AUDIT TRAIL

According to Sections 71062 and 84040, all districts in California have the responsibility for maintaining adequate audit trail information. Records of student attendance such as drops and adds will help in recording accurate enrollment data.

Information concerning courses which have atypical characteristics requiring evaluation to determine the number of WSCH to be claimed should be retained with listings for audit purposes.

The Attendance Accounting Manual outlines some of the situations for which claiming WSCH for apportionment purposes is prohibited.

1. Averaging of contact hours variably scheduled during a term for purposes of determining hypothetical Census Week WSCH.
2. Courses not scheduled to meet during a Census Week.
3. Courses and/or activities not included in the Schedule of Classes, or amendment thereto.
4. Enrollment of students in courses meeting at the same or overlapping times of the day or in multiple sections of the same course.
5. Courses for which enrollment may not result in actual contact between the student and a legally authorized person, such as the "enrollment" of a student in a course without his actually having been officially admitted to the college and enrolled in the course.

Examples are:

- a. Labeling intramural and similar type activities as Credit Courses or Noncredit Courses without meeting standards for courses as required in Title 5.
 - b. Claiming Work Experience apportionment for students who are merely employed but not participating in a Work Experience Program approved by the Chancellor's Office.
6. Students enrolled in courses on an audit basis. Students, however, may be enrolled in courses as auditors in accordance with local college policy without apportionment reimbursement.

The areas that are presently facing the greatest amount of scrutiny by the State Department of Finance auditors are:

1. Courses which should be offered as Community Service Courses (such courses are generally those which the Chancellor's Office will not approve for apportionments).
2. In-service training, field experience, and other similar courses.
3. Courses in which students are not under direct supervision of certificated employees for all of the contact hours claimed.
4. Work Experience and Cooperative Work Experience Education Courses.
5. Auto-tutorial, T.V.-type, and other CIS courses (under close scrutiny to insure that students are actively participating).
6. District does not maintain the minimum supporting documentation as required in this Chapter.
7. "To be arranged" hours.

Finance and State Chancellor's office audit reports can be either very favorable or very disruptive to colleges. Much of the success or failure of an institution at "passing muster" on a given audit depends on how well the information required by the auditors is organized and the extent to which material is readily available.

Auditors usually face the task of trying to do and see too much within the limited time constraints of their visit. While most of them want to be fair, quite often their conclusions and formal findings are slanted towards personal opinions or pre-conditioning that they have received prior to the audit itself.

THE AUDIT MANUAL

Local staff members dealing with "unique" programs and/or those of a categorical or special nature, should develop a local instrument that

1. Organizes in one central location discreen data and backup information supporting local audit trail.
2. Copies of state laws, guidelines and relevant literature.
3. General college/district statement regarding compliance.
4. Program management documents; i.e., ADA computation formulas, audit trail outlines, copies of job descriptions and/or credentials of staff, etc.
5. Student identification material.
6. Historical file containing state reporting documents, college master plan, program material and correspondence.

The manual should be in the form of a looseleaf binder, updated periodically, and maintained on the program level. Each auditor should have the opportunity to peruse the manual before any formal accounting takes place. Questions should be answered honestly, and discussions should be directed to the manual.

STAFF

Staff should be trained as to the

1. Purpose of state audits.
2. The importance of being knowledgeable about state and local positions on funding and policy.
3. The importance of using the Audit Manual.
4. The need for a calm, non-threatened attitude in the face of pressure.

The auditors consider themselves to be employees of the state.
Don't

1. Talk too much
2. Provide them with unnecessary data.
3. Take them out to lunch or offer cordiality that could be viewed as overly coercive
4. Disrupt your entire day.

Do:

1. Be friendly and courteous.
2. Provide them with requested materials.
3. Let them have a quiet place for analysis and study.
4. Request an exit interview.

NOTES